



DIVISION OF FINANCE

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Lee R. Keith
Commissioner

February 5, 2019

The Honorable Michael L. Parson, Governor
State Capitol Building
Room 216
Jefferson City, Missouri 65101

Re: Report to General Assembly pursuant to section 408.506, RSMo

Dear Governor Parson:

The Division of Finance has, in accordance with section 408.506, RSMo, conducted a survey by mail of payday lenders operating pursuant to section 408.500. The reporting timeframe was October 1, 2017 through September 30, 2018. The summary is based on a 96.3% return of surveys by the industry. The attached chart (Exhibit A) details the results of the survey and also provides historical data for comparison. Some highlights include:

- 662 payday loan licenses were issued during calendar year 2018. Lenders closed and opened locations throughout the year with 617 being the approximate average number active at any given time.
- The total number of payday loans made during the reporting period exceeded 998,000. (For purposes of this survey, a renewal was treated as a separate loan.)
- The average loan was \$306.49 and the average interest rate was 526.74%. This would result in an interest/fee of \$61.92 for a 14-day loan.

The Division of Finance accepts all types of consumer complaints, including phone calls, email, fax, mail, etc. While most of the contacts from citizens were resolved by explaining the law, the Division did document 5 complaint files during the reporting period. Complaints consisted of issues such as checks being deposited early, collection tactics, proper credit of payments, and customers being unable to make payments due to the location being closed. Most cases were resolved by telephone with the licensee.

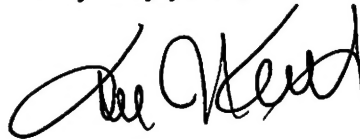
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The Division of Finance continues to perform examinations of all payday lenders and overall compliance with current statutes continues to be monitored. During 2018, 99.2% of the licensees examined received a satisfactory compliance evaluation. Refunds totaling over \$11,900 were ordered. Cease and desist orders are issued in instances of serious non-compliance. During 2018, there were no such orders issued.

As section 408.506 RSMo also requires the Division to summarize the payday loan laws from contiguous states, we conducted a survey of such states' laws. The results may be found in Exhibit B attached.

We believe the foregoing satisfies the requirements of section 408.506 RSMo.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lee R. Keith", written in a cursive style.

Lee R. Keith
Commissioner

LRK:cs
Enclosures (2)

Payday Lender General Assembly Report

	January 2011	January 2013	January 2015	January 2017	January 2019
Number of Licenses Issued	1,315	1,066	984	904	662
% Change from previous	-15.00%	-19.00%	-7.69%	-8.13%	-27.1%
Number of Active Licenses (approx)	1,275	1,040	934	898	617
% Change from previous	1.03%	-18.43%	-10.19%	-3.85%	-31.3%
Number of Loans Made*	2.83 million	2.43 million	2.34 million	1.87 million	998,776
% Change from previous	-1.40%	-14.13%	-3.70%	-20.08%	-53.4%
Average Loan Amount*	\$290.29	\$307.56	\$306.12	\$309.64	306.49
Average Number of Renewals*	1.7	1.6	1.5	1.6	1.6
Defaulted Loans*	172,954	146,880	122,364	111,342	46,759
% of Total Loans Made	6.12%	6.03%	5.23%	5.95%	4.68%
Average Annual Percentage Rate (APR)*	430.68	444.61	454.62	451.91	526.74

*Based on figures provided by industry surveys.

PAYDAY LOANS IN CONTIGUOUS STATES

	Licenses	Maximum Loan	Rate / Fees	Term	Renewals	Complaints
Missouri	609 as of year-end 2018	\$500	A loan and all renewals thereof may not earn more than 75% of the original principal in interest and fees.	14 day minimum 31 day maximum	Limited to 6	During 2018, five regarding licensed lenders, two regarding unlicensed Internet lenders
Arkansas	Industry is no longer regulated in Arkansas; therefore no information to report.					
Kansas	56 companies / 197 branches	\$500	Interest: Max of 15% of the amount of the cash advance Fees: 3% per month of the loan proceeds after the maturity date	7 – 30 days	No	2018 – 4 2017 – 0
Iowa	148	\$500 gross	\$15 on first \$100 face of check, \$10/\$100 thereafter	31 days	No	1
Tennessee	No response to request for information					
Kentucky	437	\$500	\$15 per 100	14 days	No	1
Nebraska	75	\$500	\$15 per \$100	34 days or less	Not allowed	1 in 2018
Illinois	444	Regulated by monthly payment – the lower of \$1000 or 22.5% of gross income	\$15.50 per \$100 per installment period/month (turns out to be approx. 404%)	Standard PDL, 45 days max; Installment PDL is 180 days	1 renewal up to a total of 45/180 days indebtedness	16
Oklahoma	No response to request for information					